



CBI
Ministry of Foreign Affairs

CBI Tailored Intelligence: Wine Tourism in Bolivia

Summary Report



Table of Contents

1.	Introduction	3
2.	What is Wine Tourism?	4
2.1	Definition of Wine Tourism	4
2.2	Wine Tour Activities	4
2.3	Developing Bolivia as a Wine Destination	4
3.	Wine and Tourism in Bolivia	5
4.	Potential Wine Tourism Markets for Bolivia	6
4.1	Geographical Markets to be Developed	6
4.2	Priority Segments to be Targeted	6
4.3	Potential Partner Destinations	6
4.4	Summary	7
5.	Understanding the Consumer	8
6.	Product Development Recommendations	9
7.	Marketing Recommendations	10
7.1	Marketing Priorities	10
7.2	Collaboration and Differentiation	10
7.3	Building Relationships with Outbound Tour Operators	10
7.4	Marketing Channels	10

1. Introduction

This report provides a summary and the recommendations from the full Wine Tourism in Bolivia study produced for the CBI in December 2014.

The objective of the Wine Tourism in Bolivia study is to provide the CBI, Bolivian wine producers and local inbound tour operators, the Bolivian Ministry of Tourism and the Tarija regional Tourist Board with an assessment of the wine tourism market, together with an analysis of the potential wine tourism markets for Bolivia.

The methodology undertaken to deliver the report included:

- An analysis of existing data and reports to provide an overview of the global tourism market and the main types of wine tourism activities.
- Stakeholder consultations with:
 - CBI experts involved in the development of the wine industry in Bolivia
 - Representatives of the Ministry of Tourism and the regional Tourist Board in Tarija
 - Wine producers in Bolivia
- Trade interviews with specialist tour operators in France, Germany, Spain, Sweden, the UK and the USA to establish the potential demand for wine tourism to Bolivia
- An analysis of the key issues raised by independent travellers to the Tarija region online and in social media forums.

The full report commences with a definition of Wine Tourism and describes the types of wine tourism activities that have developed internationally. It examines the current visitor markets to Bolivia and reviews the tourism product in Tarija, in particular the wine tourism offer. An analysis of the international wine markets that have most potential for Bolivia is presented, with insights into the wine tourism consumer.

The full report's recommendations on how the wine tourism product could be developed to meet the needs of the consumer and how to the region and its wine tourism sector could be marketed are included in this Summary Report.

2. What is Wine Tourism?

2.1 Definition of Wine Tourism

Wine tourism, as defined by tour operators and tourism industry experts, refers to tourism whose purpose includes visiting vineyards, wineries, wine festivals and events, during which the tasting and consumption of wine, and experiencing the attributes of the wine growing region, are the primary motivations for the trip.

2.2 Wine Tour Activities

The most successful wine regions have developed effective practices that provide memorable experiences to keep visitors returning time after time, and maximising recommendation through word of mouth. Many vineyards host their own events and operate tours throughout the relevant periods of the year. Examples include:

1. *Wine Routes*
2. *Wine Community Partnerships*
3. *Host Special Wine Events and Festivals*
4. *Experiential Wine Programmes*
5. *Link Wine to Regional*
6. *Food and Wine Matching*
7. *Unique Partnerships* – combining activities other than food are another way of adding value and increasing interest. Examples include spa activities, art and architecture, golf, kayaking, rafting, 4x4 drives
8. *Wine Villages*
9. *Ecotourism*
10. *Social Media*



2.3 Developing Bolivia as a Wine Destination

There is scope for Bolivia to attract wine tourists, however the Tarija region will need to identify the complementary visitor experiences it can offer particularly involving nature, outdoor activities, culture and cuisine. In addition, wine tourism activities at the Bolivian wineries will need to be further developed with clear differentiation between the visitor experiences available at different wineries. Inbound tour operators would need to develop a range of packages with different specialities combining wine tourism with other niche interests eg, hiking, cycling, culinary experiences or photography.

3. Wine and Tourism in Bolivia

Currently the key visitor markets to Bolivia are from:

- South America: Peru, Argentina, Chile and Brazil
- North America; USA
- Europe: Spain, France, Germany, UK

In the Tarija Region the main visitor markets are domestic visitors from Las Paz, Santa Cruz and Cochabamba. Internationally visitors come from Northern Argentina and Paraguay.

Wine tours are currently the principal tourism offer in the Tarija regions. However there is potential to develop the nature and active tourism product in the area, creating walking and hiking routes, cycling tours and promoting water-based activities including sailing, kayaking and fishing.

Although most Bolivian wineries currently offer tasting and tours, the facilities are mostly quite basic and they are not well promoted by the wineries on their websites. At the time of writing this report the website of the regional tourist board OGD www.destinotarija.bo also had limited information on wine tours in the region.



4. Potential Wine Tourism Markets for Bolivia

4.1 Geographical Markets to be Developed

The geographic markets with potential for the Bolivian wine tourism sector are:

- a) Domestic markets, particularly amongst the growing middle classes and expatriate markets in the growing cities of La Paz, Santa Cruz and Cochabamba. In developed wine tourism destinations, the domestic market can account for more than 50% of visitors.
- b) Regional Latin American countries, focusing on the larger visitor markets to Bolivia and those that are located closest to Bolivia and the Tarija regions; Argentina, Chile, Peru and Brazil and Paraguay.
- c) North America and Europe - General travellers to Bolivia from the USA, Spain, France, Germany and the UK.
- d) North America and Europe - Wine specialists from the USA and the economically strong European markets, primarily Germany and the UK.

4.2 Priority Segments to be Targeted

In the long-term specialist wine tourists are likely to bring the highest return, as they are most likely to invest in larger volumes of wine. However it is important that the quality of the wine produced is very good and the tourism product is well developed before marketing to this segment. If their expectations are not met they will not deliver positive recommendations online or to their friends and family. Negative reviews would be damaging to the long-term development of the sector.

It is therefore recommended that the international segments that it would be best to focus on in the short to medium term are:

- i. The niche tour operators that specialise in Bolivia, who are already familiar with the standard of holiday it offers clients, and are looking for new activities to add to their current itineraries
- ii. The 25 to 50 year old independent traveller who has disposable income and would add two or three days to taste Bolivian wine and find out how it is produced.

4.3 Potential Partner Destinations

There is a niche target visitor market interested in new destinations that produce unknown wines at medium to high prices. The other new world wine producing countries that are targeting this niche market are Chile, Argentina, Brazil, Uruguay and Peru. Bolivia should consider these countries as partners and market openers of new world wine, rather than as direct competitors.



From a tour operator perspective regional wine producing countries provide the opportunity for joint tours, particularly with neighbouring Argentina. New destinations appeal to both specialist wine tourists and general travellers to South America, therefore Bolivia has the potential to appeal to these markets, alongside Uruguay, which is becoming an increasingly popular 'new' destination.

4.4 Summary

Internationally wine tourism is a growth market. In developed markets it has shown the potential to:

- Generate a significant income stream for the wineries, of around 20%
- Raise the profile of a wine region and wineries
- Attract the domestic market, which can account for around 40% or more of wine tourists
- Generate wine sales for the wineries of around 30% of all sales.

For wineries in Bolivia to generate these rates of return, significant investment would be required. A wide range of wine tourism activities would need to be developed and Tarija would need to be promoted as an appealing tourism destination, with a wide range of complementary activities and comfortable facilities with well-organised services. If this level of product development and marketing is achieved there is potential for inbound tour operators to expand the range of wine tourism packages they can offer the domestic and international markets.

Wine tourism is most effectively developed through collaboration by a region's wineries, local tour operators and the local Destination Management Organisation (DMO).

5. Understanding the Consumer

A wine tour from Europe or North America to South America is expensive and the specialist wine tourist has high expectations of both the wine they have travelled across the world to taste, and the services and facilities that they use.

These tourists have high levels of disposable income and a high standard of living at home. Although they are prepared for some new experiences they expect to be able to relax on holiday and this involves having well organised tours that understand and meet their needs in terms of comfort and experiences.

General tours to Bolivia tend to be slightly less expensive than the specialist wine tours. The level of expectation of these general visitors is therefore likely to be more flexible with mid-range (3 star) comfort required rather than 4 star luxury. The tour operators organising these tours are looking for interesting new experiences that they can add onto their existing itineraries and are generally interested to find out more about potential wine tours in Bolivia.

The current level of development of Bolivia's wine tourism offer means that it would be appropriate to position wine tours as an additional activity for tour operators currently organising general tours to Bolivia.

In relation to the wine tours currently offered to Argentina and Chile, Bolivia can position itself as a new, exciting destination offering interesting wines, that could be added to a current tour of the region. However it is important for inbound tour operators and wineries to fully understand the expectations of the specialist wine tour operators and their clients. It is important to be able to deliver a positive experience and not oversell the level of facilities and services available.



6. Product Development Recommendations

The international market for wine tourism is growing and the wine product in Bolivia has considerable potential. However before being fully marketed, especially to specialist wine tourists it will be necessary to focus on developing the product to a standard expected by international visitors.

The section below provides suggested actions that could be taken by local suppliers in order to develop their product for the international wine tourism market.

Build the Brand

- Consider establishing a marketing niche for a speciality grape variety that is successful in Bolivia, in the way that the grape variety Torrenetes is known as a speciality in Argentina.

Market Position

- Consider how you want to market your business – Is your wine/vineyard/ accommodation best suited to private, exclusive tours, or to ad hoc visits? Tailor your offer to the level required.

Improve Quality

- Ensure that signage to your organisation is well placed and include English translations to attract tourists who are passing and might want to visit.
- Ensure that personal safety of the clients is considered at every level – such as transport, privacy, security of belongings and food standards.
- Liaise with transportation and accommodation providers to make sure their operations are safe and well maintained.
- Create clean, charming and typically decorated tasting rooms for clients.
- Ensure that vehicles are clean, good quality, regularly serviced and have all safety requirements such as seat belts.
- Be aware that clients will have varying requirements in terms of time for their visit and create a flexible range of tours.
- Be prepared for some clients to want to have products shipped. Providing a shipping service enables tourists send home larger quantities of wine than they can carry away with them.
- Research the history of the local region, to create the historical setting for your wine-producing area which can then be used for promotional literature. Consider whether tours to sights of historical interest can be added to your offer.
- Create a good welcome for visitors, with your most knowledgeable experts on hand to talk to them.
- Whenever possible ensure that there are always wine experts on hand to liaise with tour operators and clients during their visit, and train experts to the highest level possible.

Diversify the Product

- Offer good meals, which complement the wines being provided.
- Consider improvements to the cuisine offered, such as training kitchen staff, installing new equipment to cater for larger numbers and making the dining areas attractive for tourists.
- Create extra 'experiences' to make tourists feel more special, such as dining outdoors in locations with excellent views.
- Find out whether there are any cultural cross-over events you could hold, for example classical music concerts held at an estancia, or high quality Bolivian crafts exhibitions held at a hotel together with wine-tasting.
- Consider planning to create accommodation on your premises so that you are able to control the quality of accommodation tourists receive.
- Communicate with outbound tour operators to ensure you are aware of their needs, for example by providing the number of rooms they need to match their standard group size.

Create Packages

- Work collaboratively with other suppliers to create a wine route to raise the profile of the region.
- Create packages that incorporate other local activities – visiting sites plus walking, hiking, cycling, horse riding.
- Create a programme of activities to accompany the wine tour offer, including historical tours and local cultural activities such as cookery and craft demonstrations.
- Consider developing partnerships with operators in northern Argentina to offer two centre tours.

Capacity Building - Training

- Drivers and guides should be trained in customer services, and be able to speak English and ideally other European languages.
- Train guides to understand the needs of well off European travellers, so that they are able to provide the level of service demanded by wine tourists. Set standards to meet the expectations of tourists.
- Ensure that visits to vineyards are well prepared, with roles and timings allocated and all participants informed of what is expected of them.
- Train local guides to make sure they have a good knowledge of wine producing and its historical context.

7. Marketing Recommendations

7.1 Marketing Priorities

A marketing strategy for the wine sector should be developed based on three core objectives:

i) Promoting Bolivia as a Destination

Bolivia is not well known as a destination especially in the USA. The national and regional tourist boards should focus their destination marketing on metropolitan areas of USA and in Europe particularly Spain, France, Germany and the UK.

ii) Building awareness of Bolivian wine production

Wine production in Bolivia is virtually unknown, even in South America. A network of influential wine commentators and sommeliers needs to be developed to create coverage in newspapers and magazines in USA and other target markets. The most influential commentators should be invited on Fam trips.

iii) Promotion of individual wineries

An up-to-date, well optimised website is essential. Most people, both those travelling independently and those booking through a tour operators will start their research for a holiday destination online using search engines. It is essential that the website has good search engine optimisation (SEO).

The wineries should promote their tours amongst local people, to encourage them to bring friends and relatives who come to stay with them, on a wine tour.

A good online presence is important for individual businesses. It is also important for the wine region and wider destination, as increased activity online will improve the visibility of the destination with search engines.

7.2 Collaboration and Differentiation

Collaboration between wineries and with the regional tourist board is essential if a region is become well recognised for its wine tourism offer. Partnership will enable more effective use of marketing budgets, for example for PR campaigns, organising Fam trips and maximising the effectiveness of attending trade fairs. Promotion between wine producing regions is also beneficial.

As well as collaborating, it is also important to differentiate between wineries to identify the unique selling point (USP) for each business. The history, family and story behind each vineyard will vary and these stories should be told on websites and in marketing materials together with information on the speciality wines they produce and the individual features of the location.

7.3 Building Relationships with Outbound Tour Operators

The relationship between international outbound tour operators and the local suppliers is fundamental to developing a successful international wine tourism sector. The essential elements of a strong relationship are:

- Good communications
- Reliability
- In depth product knowledge by local agents and the tourist board.

Outbound tour operators who organise tours to Bolivia but aren't wine specialists are most likely to use local agents to arrange wine tours for them.

Specialist wine tour operators build up long-standing relationships with their suppliers and will want a direct relationship with the wineries, guides, and translators and look for local accommodation and local transport partners. They will usually send a wine expert with the tour but also look for local expertise. Some clients may invest large amounts in shipping wine home and require objective good local knowledge.

Before a tour operator will set up a new tour they will want to go on a Fam trip. These trips should be followed up with regular email contact and product information to answer any queries and provide interesting material and images to help the tour operators to promote the tour.

7.4 Marketing Channels

The preferred marketing channels used by the tour operators interviewed for this study are highlighted in this Section.

Trade Fairs

The most important travel trade fairs are ITB, held in March in Berlin and WTM, held in November in the UK.

The three wine trade fairs that were recommended, particularly by the specialist wine tour operators, were Wine Berlin, the London Wine Fair and ProWein in Dusseldorf.

For these important but expensive events to be effective, good preparation and follow up is needed by all participants. It is also necessary to have knowledgeable and experienced multilingual staff on the stand that can serve Bolivian wine.

Public Relations (PR)

It is generally agreed that PR is more effective than advertising. However it is important to target the relevant publications with stories that will interest them. The publications that tour operators considered most effective were:

National newspapers are important in Germany and the UK. Germans 'who want something different' read Die Zeit. The Daily Telegraph, The Times on Saturday, The Sunday Times and Conde Nast magazines have the most influence in the UK.

Wine magazines reach consumers interested in taking a specialist wine tour. In the USA the two most important publications are Wine Spectator and Wine Advocate; Decanter is the market leader in the UK.

Niche publications for related interests such as gourmet or photography magazines should be targeted with appropriate stories.

Trade press is relevant for targeting outbound tour operators and agents.

Familiarisation Trips

Fam trips for press contacts are a very important way to provide journalists with first hand experience of the stories they can write about. However it is important to ensure that only the most influential commentators are invited and that they already have an article commissioned for publication.

Tour operators, who sell a wide range of holidays, are better able to sell destinations and holidays that they have an in depth understanding of, so they can match them to their clients needs.

Fam trips are best organised jointly between the tourist board/ Destination Management Organisation and individual suppliers who can jointly introduce the press and tour operators to a range of experiences and activities.

Word of Mouth Marketing

Positive recommendations from previous visitors to their family and friends remain the most effective way to market. This includes digital 'word of mouth' with positive online reviews being essential to developing a new destination.

The best way to generate positive feedback and recommendations is to ensure client expectations are met and where possible exceeded i.e. 'undersell and over deliver'. It is important not to promise something that can not be delivered.

Websites

Individual winery websites should include information for visitors ie, a map of the location, details of services and facilities eg, tastings, tours, restaurant, gift shop, wine sales, shipping as well as opening hours or times of tours. It is also advisable to include information on other local attractions and accommodation. The more a visitor knows in advance about facilities available, the more likely they are to plan to spend time in the area. Contact details need to be included for both tour operator and direct visitor enquiries.

To ensure that a website is found by outbound tour operators and potential visitors it is essential that it is well optimised for search engines. This is increasingly specialised and expert advice should be sought.

The regional and national tourist board website should include informative and up to date information about the wine regions in Bolivia, the wineries and the visitor facilities available.

Social Media

Social media involves engaging with online social networks, the most important of which are Facebook, Twitter and TripAdvisor.

The value of social media for marketing holidays varies depending on the segments being targeted. For example:

- Social media is good for getting wine commentators talking about wine destinations
- It is widely used by younger independent travellers to tell family and friends about their travel and is therefore a good way to increase destination awareness
- TripAdvisor is the most used source of pre-travel planning. Positive and negative reviews therefore have an immediate impact on the choices of potential travellers
- Social media may not be so effective for specialist wine tourists as they are from the older generation who are not so active on social media
- Facebook is widely used across South America and can be the main medium for communicating business activities in preference to keeping a website up to date. This risks missing a core market of older visitors who research on their holidays on the Internet but do not actively engage in Facebook.

Developing a good knowledge of the potential benefits and pitfalls of social media is advisable for both local suppliers and tourist boards:

Local suppliers including wineries, hotels and restaurants, need to ask visitors to review their tour on Trip Advisor. They also need to keep up with wine news and blogs from wine commentators to find out what is being said about South American/Bolivian wines.

Tourist Boards should be proactive in driving online activity for the region. This is likely to stimulate comments about the wine tours, as these tours feature strongly in the visitor experience in the area. Tourist Board should respond to questions about the region and build content and encourage the online conversations.